

Message Text

CONFIDENTIAL

PAGE 01 CAIRO 05298 291724Z

ACTION AID-31

INFO OCT-01 NEA-10 ISO-00 IGA-02 EB-08 L-03 SS-15
NSC-05 CIAE-00 INR-07 NSAE-00 COME-00 TRSE-00
/082 W

-----291742Z 029247 /43

P 291355Z MAR 77

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC PRIORITY 3301

C O N F I D E N T I A L CAIRO 5298

E.O. 11652: GDS

TAGS: OVIP - EAID/EFIN

SUBJ: ECONOMIC ASPECTS OF SADAT VISIT

1. USAID DIRECTOR AND ECONCOUNSELOR MET WITH MINISTER
ECONOMY HAMID EL SAYEH ON MARCH 28 TO DISCUSS INTER ALIA
ECONOMIC ISSUES WHICH GOE MAY RAISE DURING SADAT VISIT.

2. EL SAYEH SAID FIRST AND FOREMOST PURPOSE WOULD BE TO
EXPRESS DEEP EGYPTIAN APPRECIATION FOR ECONOMIC ASSISTANCE
WHICH HAS BEEN PROVIDED SO FAR.

3. SECONDLY, GOE WILL WISH REPORT TO USG ON ACTIONS TAKEN
WITH IMF, WITH GODE (SEE SEPTTEL) AND IN PREPARATION FOR
CONSULTATIVE GROUP MEETING. IN THIS CONNECTION, EL SAYEH
HOPED THAT USG WOULD TAKE MOST POSITIVE POSSIBLE ROLE IN
CG MEETING. HE ALSO INDICATED THAT GOE HAS BEEN URGING
IBRD TO PROVIDE A LARGER PART OF RESOURCES FLOWING TO
EGYPT UNDER IDA RATHER THAN BANK TERMS, AND HOPED THAT
USG WOULD BE SUPPORTIVE OF THAT VIEW IN DIRECT DEALINGS
WITH BANK AND AT CG MEETING.

4. EL SAYEH INDICATED THAT SADAT WOULD ALSO BE
SEEKING GENERAL ASSURANCE THAT USG PLANS CONTINUE
ECONOMIC ASSISTANCE LEVELS AT APPROXIMATELY THOSE OF
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 CAIRO 05298 291724Z

LAST TWO YEARS, I.E., NEAR ONE BILLION DOLLARS PER
YEAR.

5. TURNING TO MORE SPECIFIC POINTS, EL SAYEH INDICATED
THAT GOE MIGHT ALSO WISH TO RAISE QUESTION OF SUEZ
CANAL WIDENING PROJECT. HE STATED THAT THIS CRITICAL
\$630 MILLION PROJECT NOW HAS ONLY ABOUT \$400 MILLION IN

ASSURED FINANCING, AND HE IS INTERESTED IN USG VIEWS ABOUT HELPING TO FILL THE GAP. USAID DIRECTOR NOTED THAT THERE STILL APPEARS GOOD CHANCE THAT JAPANESE WILL COME FORWARD WITH SECOND TRANCHE OF DREDGING PROGRAM AND THAT IBRD WILL BE ABLE TO PROVIDE \$80 MILLION FOR THIS PROJECT. IF THOSE DONORS ARE FORTHCOMING, THEN GAP WOULD BE REDUCED SIGNIFICANTLY, PARTICULARLY SINCE CONTINGENCIES IN THE \$630 MILLION FIGURE ARE OF A VERY HIGH ORDER. USAID DIRECTOR NOTED THAT SUEZ CANAL AUTHORITY HAS REQUESTED \$50 MILLION ALLOCATION FROM MINECONOMY FOR EQUIPMENT PURCHASES, MANY OF WHICH APPEAR RELATED TO DREDGING/WIDENING PROJECT AND THAT MINECONOMY HAS ALREADY PROPOSED ALLOCATION OF \$25 MILLION AGAINST THE FY 77 CIP PROGRAM AND ANTICIPATES PROPOSING AN ADDITIONAL \$25 MILLION AGAINST ANY FY 78 CIP PROGRAM. WHILE USAID MUST KNOW MORE ABOUT SCA SPECIFIC REQUIREMENTS, OUR INITIAL IMPRESSION IS THAT AID CAN PROBABLY BE MORE HELPFUL IN MEETING GAP THROUGH CIP THAN THROUGH SPECIFIC PROJECT ASSISTANCE.

6. EL SAYEH WENT ON TO SAY THAT THERE ARE TWO PROJECTS WHICH HE MAY WISH TO DISCUSS IN GENERAL, INTRODUCTORY TERMS, ALTHOUGH NO SPECIFIC COMMITMENTS ARE BEING SOUGHT NOW. HOWEVER, THESE TWO ARE MAJOR INVESTMENTS INTENDED FOR COMING YEARS, AND HE DOES WISH TO SEEK INITIAL USG REACTION TO THEM. FIRST OF THESE IS CONSTRUCTION OF SPONGE IRON FACTORY JUST WEST OF ALEXANDRIA AT KIKHEILA, WHICH HAS BEEN DISCUSSED AT LEAST INITIALLY WITH US STEEL. SECOND IS CONSTRUCTION
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 CAIRO 05298 291724Z

OF RELATED DEEP WATER PORT.

7. EL SAYEH RAISED QUESTION WHETHER IT WAS WORTHWHILE DISCUSSING PL 480 LOAN FORGIVENESS PROGRAM IN WASHINGTON, AS SOME MEMBERS OF GOE SEEMED TO WISH TO DO. USAID DIRECTOR SUGGESTED WE NOW HAVE FIRM PLANS TO WORK WITH MINISTRY AGRICULTURE IN EFFORT DEVELOP A POSITIVE, MODEST LOAN FORGIVENESS PROGRAM, AND WE DON'T REALLY BELIEVE IT WOULD SERVE A USEFUL PURPOSE TO DISCUSS THIS WITHIN FRAMEWORK OF BROADER ISSUES RELATED TO SADAT VISIT. EL SAYEH SEEMED INCLINED NOT TO WANT TO RAISE THIS POINT.

8. EL SAYEH INQUIRED AS TO WHAT MIGHT BE INTERESTS OF THESE WHO WOULD BE PARTICIPATING IN SENATOR INOUE'S LUNCH. USAID DIRECTOR WENT OVER THE MAIN ISSUES WHICH SENATE APPROPRIATIONS SUB-COMMITTEE HAD RAISED WITH RESPECT TO EGYPT AND AID PROGRAMS IN EGYPT. WE ALSO NOTED THAT ONE OTHER AREA OF MAJOR CONCERN TO MANY IN CONGRESS, EVEN AMONG STRONGEST SUPPORTERS, IS NEED FOR

CONSTANT GIGILANCE ON ISSUES OF HONESTY AND PROBITY.
USAID DIRECTOR STATED HE WOULD BE SENDING A LETTER TO
MINISTER IN NEXT DAY OR TWO DESCRIBING AGAIN OUR CONCERNS
ON THIS ISSUE AND PROPOSING CERTAIN ADDITIONAL STEPS
WHICH USAID AND MINECONOMY SHOULD PURSUE TOGETHER TO
STRENGTHEN SAFEGUARDS ON PROGRAM UTILIZATION. EL SAYEH
STATED HE WOULD WELCOME SUCH A LETTER.

9 COMMENT: IT WOULD APPEAR EGYPTIANS WILL CONTINUE
PRIMARILY TO SEEK REASSURANCE OF CONTINUED USG INTEREST
IN EGYPTIAN ECONOMIC PROBLEMS AND WILL OUTLINE FURTHER
SOME OF THEIR OWN THOUGHTS ON HOW ECONOMIC ISSUES BEING
MET, BUT WILL NOT SEEK ANY SPECIFIC COMMITMENTS OR CLEAR
ENGAGEMENTS ON PARTICULAR NEW ACTIVITIES.

10. IN PASSING, EL SAYEH NOTED THAT THERE WAS SOME
CONCERN AMONG THE ECONOMIC GROUP ABOUT HOW HARD THE
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 CAIRO 05298 291724Z

FRENCH MIGHT PRESS ON THE METRO PROJECT DURING SADAT'S
PARIS VISIT. ACCORDING TO EL SAYEH, WHILE THERE ARE
MANY ADVOCATES FOR THE METRO PROJECT AND FOR THE
QATTARA DEPRESSION PROJECT, NEITHER OF THESE
MADE SENSE IN THE SHORT RUN TO THE ECONOMIC GROUP
AND COULD CERTAINLY NOT BE CONSIDERED DEVELOPMENTAL
PRIORITIES.
EILTS

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC ASSISTANCE, CHIEF OF STATE VISITS
Control Number: n/a
Copy: SINGLE
Sent Date: 29-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977CAIRO05298
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770107-0698
Format: TEL
From: CAIRO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770313/aaaaakmp.tel
Line Count: 147
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 3d4da1b0-c288-dd11-92da-001cc4696bcc
Office: ACTION AID
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 21-Jan-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2969322
Secure: OPEN
Status: NATIVE
Subject: ECONOMIC ASPECTS OF SADAT VISIT
TAGS: OVIP, EAID, EFIN, EG, US, (SADAT, ANWAR)
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/3d4da1b0-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009